

UPPER MORELAND TOWNSHIP SCHOOL DISTRICT FILES CHALLENGE TO ABINGTON HOSPITAL'S LUCRATIVE LOCAL PROPERTY TAX-EXEMPTION

Upper Moreland Township, PA (January 16, 2019) – Asserting that nonprofit Asplundh Cancer Center is not a “purely public charity,” a designation that enables it to avoid hundreds of thousands of dollars in property taxes each year, Upper Moreland Township School District is challenging the hospital’s tax exemption. In an action filed in the Court of Common Pleas of Montgomery County, the school district argues that that Asplundh should be ordered to pay its “fair share” of taxes, according to District officials.

Asplundh Cancer Center, is part of Abington Memorial Hospital and its new owner, the Jefferson Health System, a multi-billion-dollar integrated health network with hospitals, outpatient facilities, and numerous related health facilities throughout the greater Philadelphia area. According to the new tax exemption appeal the District has filed in court, the cancer center does not meet the constitutional requirements set forth by the Pennsylvania Supreme Court necessary to show that it is a “purely public charity.”

In challenging the health system’s claim of tax-exempt status, the District’s recently filed lawsuit argues that the health system should pay roughly \$500,000 a year in property taxes based on the current real estate valuation and the school district’s property tax rate. The hospital’s properties may be subject to future re-assessments that would result in even greater revenue to the District.

The District claims that Abington/Jefferson’s property tax avoidance penalizes all other tax payers, including for-profit health-care entities with which the health network fiercely competes. Contrary to state law, the Abington/Jefferson health network conducts its far-reaching business enterprises as profit-making businesses – including paying its top executives millions of dollars – while avoiding payment of their fair share of property taxes.

The lawsuit was filed on the District’s behalf by special outside counsel Martin Cohen and Mark Altemose of the Bethlehem-based firm, Cohen, Feeley, Altemose & Rambo, and by Aaron J. Freiwald, managing partner of Freiwald Law in Philadelphia. Under their agreement with the District, the lawyers will only be compensated if the tax appeal is successful.

The court filing underscores the following key points in announcing the filing in Montgomery County Court of Common Pleas:

- Under a 1985 Supreme Court decision, nonprofit hospitals are not automatically exempt from paying local property taxes, which substantially fund Pennsylvania’s public schools. They must meet the law’s rigid five-point standard to qualify as a ‘purely public charity.’

- Abington/Jefferson cannot satisfy these requirements to be property-tax exempt and also cannot satisfy other state and county rules and regulations.
- In addition to the requirements under the Pennsylvania Constitution, there are requirements under Pennsylvania statute and county assessment rules and regulations, none of which Abington/Jefferson satisfies.

“According to the Pennsylvania Constitution, the privilege of property-tax exemption is reserved for those nonprofits that are primarily in the business of charity,” noted Mr. Freiwald, one of the lawyers for the District. “The Abington/Jefferson network is primarily in the business of profits and they do quite well enough to pay their fair share to support the community in Upper Moreland Township.”

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